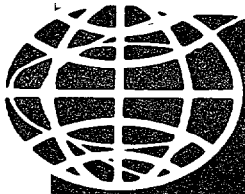




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INTOSAI Standards Committees: Cooperation Yields Results

A meeting of the INTOSAI Audit Standards Committee recently held in Brussels represented a major accomplishment for INTOSAI, and helped set the stage for further progress as INTOSAI's committees continue their valuable work to establish guidelines and standards.

At this meeting, the committee discussed ways of expanding the original standards, which were adopted in Berlin in 1989, so as to better reflect the needs and interests of those SAIs constituted as courts of accounts. At the conclusion of the meeting, chaired by John Taylor of Australia and hosted by Richard Leclercq of Belgium, the committee successfully met the charge given it by the Berlin Congress to expand the standards.

This achievement of the Audit Standards Committee was possible because of the active participation and commitment of supreme audit institutions from around the world. And, as INTOSAI's other standards committees move forward, this same level of commitment and involvement will be asked of all SAIs.

An immediate opportunity for involvement exists now as the chairmen of each of INTOSAI's standards committees—Accounting, Internal Control, Auditing, and a newly created sub-committee on Public Debt—circulate copies of their committees' work to all supreme audit institutions for their information and review.

The Committee on Accounting Standards, for example, has prepared three statements addressing financial reporting and accounting issues of interest to public sector auditors. These statements are currently being translated into each of INTOSAI's five official languages, and every SAI will soon receive these documents, in the INTOSAI language of their choice, for their review and comment. The Committee, chaired by L. Denis Desautels of Canada, will then analyze and incorporate SAIs' comments and produce a final document.

A similar process is being used by the Committee on Internal Control. This committee's document, "Proposed Guidelines and Standards for Internal Control", was distributed as an exposure draft to all SAIs in March of this year, with a request that SAIs provide the committee with comments on the document. As the Journal goes to press, over thirty SAIs have sent in written comments which the committee, chaired

by Charles Bowsher of the United States, is currently analyzing and incorporating. The final draft promises to be a document that truly reflects the needs and interests of INTOSAI members.

Building on recommendations made at the Berlin Congress, a sub-committee has been created to address the issue of public debt audit. Currently part of the Committee on Audit Standards, the new Sub-committee on Public Debt Audit was established in principle by the Governing Board in May 1990 and then operationalized in March 1991 when Mexico agreed to chair the sub-committee. The sub-committee has already begun preparing draft terms of reference for its work, and has identified a number of specific projects and studies it could undertake. INTOSAI members can expect to receive additional information from the chairman of this sub-committee, Mr. Castillo of Mexico, in the coming months.

While each of these committees is at a different stage in their work, they each share many things in common. Each committee is comprised of INTOSAI members representing all regions of the world, all INTOSAI languages, and all major systems of auditing. Each committee is hard at work preparing documents, in the form of standards, guidelines and research studies, which will be of tremendous benefit to members. Indeed, the impact of the INTOSAI Audit Standards is already being felt beyond the borders of INTOSAI; the NATO Board of Auditors has recently adopted the standards, in their entirety, as their own.

In addition, the work of each committee will be the focus of discussion at the XIV INCOSAI in Washington in October 1992, when all delegates will have the opportunity to discuss practical aspects of applying the standards. It is also hoped that delegates will provide the committees with suggestions for additional work, thereby making the committees even more dynamic and responsive to members' needs.

Finally, all committees commonly share their reliance on the active support and participation of all SAIs to successfully achieve their goals. SAI participation, through the review and comment process now and through discussion sessions at XIV INCOSAI, will support the committees and, in the end, result in products and documents which are useful to all members. ■

News in Brief

Canada

New Auditor General

L. Denis Desautels F.C.A. was appointed Auditor General of Canada, effective April 1, 1991. He replaces Kenneth M. Dye whose term of office expired March 31. Mr. Dye, well known in INTOSAI circles, is now President and Chief Executive Officer of the Workers' Compensation Board of the Province of British Columbia, Canada.

Mr. Desautels comes to the position from the Montreal office of Caron Belanger Ernst & Young (formerly Clarkson Gordon) where he was a senior partner and Regional Director of Consulting for the Province of Quebec and the National Capital Region.



Mr. L. Denis Desautels

Mr. Desautels graduated from McGill University in 1964 and became a chartered accountant in 1966, specializing in the field of computer auditing. He has lectured at universities and to professional associations on the subject of information systems audit.

He has had a long association with the Canadian supreme audit institution. During the 1970's he served two ex-

change assignments with the Office, at one point acting as Assistant Auditor General responsible for auditing several Crown corporations. In the 1980's he served as a member of the Auditor General's Independent Advisory Committee on Government Accounting and Auditing Standards. He has also served as an advisor to the Auditor General of the Province of Quebec.

He has been a member of the Public Sector Accounting and Auditing Committee of the Canadian Institute of Chartered Accountants since 1981, and was Chairman of the Committee during 1984-85. A member of the Canadian Comprehensive Auditing Foundation, he has also lectured at McGill University and the University of Ottawa. He is Chairman of the audit committee of the "Ecole Nationale d'administration publique".

In assuming his new duties, Mr. Desautels becomes Chairman of INTO-SAI's Accounting Standards Committee and President of the INTOSAI Development Initiative (IDI).

Dominica

Annual Report Issued

In his 1990 Annual Report on the Audit of Accounts, the Director of Audit of Dominica includes a section of the controversial issue of public debt. "I must reiterate once again," he writes, "that the public debt statement as drawn up by the Accountant General only includes the local loans element, and does not incorporate a number of external loans from lending agencies such as the Caribbean Development Bank, OPEC Special Fund, World Bank and the IMF. Consequently, the statement is by no means a total representation of the status of the national debt."

The report goes on to say that the Ministry of Finance has made a major

step toward fully reporting all public debt insofar as it has computerized its accounts related to external debt. The Audit Department expresses the hope that future statements of public debt will include these figures as well as the internal debt figures.

The report echoes earlier reports in calling for increased independence of the Audit Department, administrative reforms to modernize the department, a more active Public Accounts Committee, and government support for membership in the Caribbean Organization of Supreme Audit Institutions (CARO-SAI).

Israel

State Comptroller Honored

Justice Miriam Ben-Porat, State Comptroller, was awarded the Israel Prize by her government on April 18, 1991, on the occasion of Israel's Independence Day. The highest of all Israeli honors, the Prize is awarded each year to a select number of individuals from various fields.

In announcing their selection, the committee of judges recognized Justice Ben-Porat's contributions to society and state, and stated that she "...embodied in her person and deeds the rare merging of legal erudition, authoritativeness and civil courage." She was cited by the committee as one of the central pillars of the rule of law and orderly government in Israel.

Justice Ben-Porat began her public service career in the State Attorney's Office, and later served on the bench of the Jerusalem District Court. She served for twelve years as a Justice of the Supreme Court, culminating her legal career as Vice-President of the Court.

In presenting the Prize, the committee further stated that Justice Ben-Porat,

during her term as State Comptroller, has upheld the rule of law, moral integrity and civil rights.

Japan

Annual Report Issued

The Board of Audit of Japan issued its 1988 Audit Report to the Cabinet which in turn presented the report to the Diet (parliament). The report includes the results of audits of state accounts, 11 government-related institutions, 84 public corporations, 18 corporate bodies, the Japanese Broadcasting Corporation, as well as 6,213 additional organizations which are subsidized or otherwise financed directly or indirectly by the state.

The Board's annual report covers five types of activities: the final accounts of state revenues and expenditures; violations of laws and regulations; matters on which the Board presented opinions and demanded action; actions and improvements taken by authorities based on Board recommendations; and, adjudication of accounting officials.

As an example of actions taken by government in response to Board recommendations, the report cites a 1987 recommendation that the Ministry of Health and Welfare rectify a problem of hospitals claiming more remuneration than they were allowed. In response, the Ministry has issued administrative circulars to local governments instructing them to strengthen guidance and supervision regarding calculations of medical charges.

The report also contains many illustrations, charts and photographs which contribute to a fuller understanding of audit findings. The Board publishes in English an abridged version of the annual report.

Malta

Annual Report Issued

The Report of the Director of Audit on the Public Accounts for 1989 was issued in January 1991. In introducing

the annual report, the Director of Audit notes that Malta was represented at the XIII INCOSAI held in Berlin in June 1989, and that a copy of the final INCOSAI report was tabled before the House of Representatives in 1990 in response to a parliamentary request.

The introduction also emphasizes the continuing problem of insufficient number of qualified staff available to the audit office. Stating that "An audit office needs to be able to motivate and retain staff of the right calibre to undertake the required audit examinations efficiently and effectively", the report goes on to say that the audit office's work is almost wholly devoted to financial and compliance auditing because of a lack of trained staff to conduct other types of audits. Furthermore, audits of automated systems are not done for the same reason.

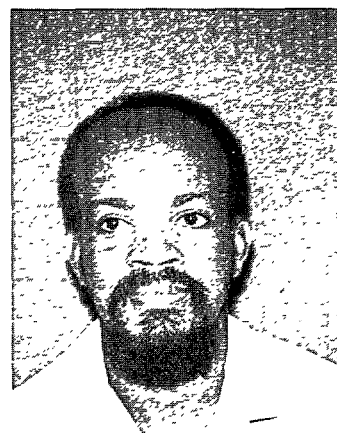
As it has in the past, the report once again calls for the creation of a Public Accounts Committee. Such a committee, the report says, would increase public accountability through effective parliamentary scrutiny of government operations. The Director of Audit is "... heartened to note that recent public pronouncements on this matter have shown favorable comment towards setting up such a committee".

St. Kitts and Nevis

New Auditor General

Mr. Albert Edwards was appointed Director of Audit of St. Kitts and Nevis on October 1, 1990. Mr. Edwards holds a Bachelor of Commerce degree from Concordia University in Montreal, Canada, where he majored in accounting. Additional training has included extensive work in value for money auditing.

Mr. Edwards has worked with the Audit Office since 1982 as the examiner of accounts. Previously, he served his government as Assistant Secretary in the Ministry of Communications and Public Utilities, Manager of the Electricity Department, and Commercial and Accounts Officer of the government-owned radio and television station.



Mr. Albert Edwards

In assuming his new position, Mr. Edwards notes his desire to continue close working relationships with sister audit institutions in the region and internationally.

United Kingdom

Knighthood for SAI Head

The Comptroller and Auditor General of the United Kingdom, John Bourn, has been awarded a knighthood by Queen Elizabeth II in her Birthday Honors List. Sir John has been made a Knight Commander of the Order of the Bath, an order created in 1725.

In the three years since his appointment as Comptroller and Auditor General, Sir John has been an active participant in many INTOSAI events. He serves on the Governing Board of the European Organization of Supreme Audit Institutions (EUROSAI) and most recently hosted the XIV Conference of Commonwealth Auditors General (see *Journal*, January 1991, p. 11). In addition to his duties as Comptroller and Auditor General, Sir John is a visiting professor at the London School of Economics.

Republic of Yemen

New SAI President

On July 24, 1990, Mr. Ahmad Mohamed Al-Iryani was declared President of the Central Organization for Control and Auditing by the Presidential Council of the Republic of Yemen.

Born in 1945 in Iryan, IBB Province, Mr. Al-Iryani graduated from Cairo University with a B.Sc of Economics and Political Science. During his public service career he has occupied many senior posts in the Ministry of Foreign Affairs, the last one as Deputy Minister.



Mr. Ahmad Mohamed Al-Iryani

In addition to his previous post as President of the Central Organization for Control and Auditing of the North (previously known as the Arab Republic of Yemen), he was most recently the Deputy Secretary of Yemen Peace Integration Committee. This committee was successful in bringing about the unification of North and South Yemen into a single Republic on May 22, 1990. As a result of this historical event, all ministries and government departments have been integrated into one government.

In assuming the presidency of the supreme audit institution of newly united Yemen, Mr. Al-Iryani has set as his goals the development and enhancement of performance auditing and the establishment of strong relationships with other INTOSAI members.

Zambia

Annual Report Issued

As in previous annual reports, the 1989 Annual Report of the Auditor General of Zambia calls attention to many weaknesses in internal controls as evidenced by misappropriations of public funds, accounting irregularities, unauthorized and unvouchered expen-

ditures, and unretired imprest funds. The practice of paying in advance for goods and services, the report notes, has continued unabated with the result that many firms and parastatal organizations are holding considerable sums of money from the government for goods and services not supplied. Earlier audit reports attributed these and other financial management problems to the fact that government transactions are on a cash basis.

The report also comments on a common practice of using foreign currency for certain transactions, and emphasizes that such foreign exchange transactions tend to weaken the national currency and "...are apparently not effectively monitored and controlled by the Central Bank and other government organs".

In discussing the scope of the year's audit work, the report notes that the limited availability of trained and skilled personnel restricted audit activities, as did limited availability of suitable government vehicles which prevented a number of audits, particularly of construction and rural development projects.

North Atlantic Treaty Organization (NATO)

INTOSAI Auditing Standards Adopted

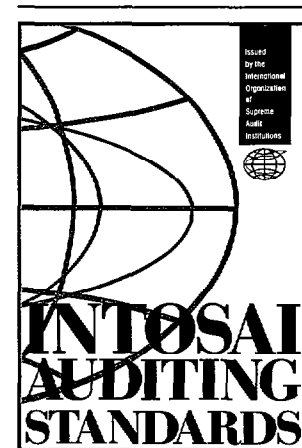
On March 22, 1991, the International Board of Auditors for NATO adopted the INTOSAI Auditing Standards approved by INTOSAI at the XIII INCOSAI in Berlin in 1989. In adopting the Standards, the Board notes that it regards the Standards as "...an excellent and comprehensive tool for enhancing and maintaining the quality of the Board's audit while easing the problems caused by the permanent rotation of Board members and support audit staff".

The Board was created in the early 1950s when the North Atlantic Council decided to establish overall external control on the annual accounts of the NATO bodies and on the accounts relating to commonly financed NATO infrastructure works. The structure of the

Board has often been changed, most recently in 1990. It consists of six members appointed by the Council from candidates nominated for a four-year term by the sixteen member countries.

Senior officers from supreme audit institutions are often seconded to the Board. For example, current SAI Board members include Mr. Jeroom Van de Velde of Belgium, First President of the Court of Accounts of Belgium. Another member is Mr. Detlev Sparberg, from the Federal Court of Audit of Germany, who in 1989 served as Congress Executive Director at the Berlin INTOSAI Congress.

The Board operates on a collegial basis, with its chairman selected for a two-year term. The Board is assisted by a staff of professional auditors, currently from nine member countries, on a rotational basis. The Board is responsible for the audit of expenditures of about US\$10 billion. Its mandate includes financial and performance audits, and is obliged to annually certify the NATO bodies' financial statements and to issue certificates for infrastructure expenditures.



INTOSAI Auditing Standards

The Board reports that it is very interested in the work of INTOSAI, especially in the further development of professional standards and guidelines, and will closely follow INTOSAI's activities related to public sector auditing. ■

Moving Forward in Unity: A Report on the 5th ASOSAI Assembly

By Mr. Lu Peijian, Auditor General, Audit Administration of the People's Republic of China and ASOSAI Chairman

The 5th Assembly and 4th International Seminar of ASOSAI were conducted in Beijing, China, from May 8-14, 1991. Delegates from 22 member countries, joined by observers from other countries, international organizations, and officers of INTOSAI, participated in meetings designed to promote the further development of auditing in the Asian and Pacific region and to facilitate cooperation among member institutions.

Opening Ceremony

During the opening ceremony, distinguished speakers presented their assessments of the role auditing plays in effective government operations, and charged ASOSAI members to use this meeting as a forum to advance the profession. Mr. M. Jusuf, Chairman of the Supreme Audit Board of Indonesia, pointed out that in nations where development and progress are being made, public expenditures are also increasing. He emphasized that, "In such a situation, it is important to have a good and orderly administration of the state finance, a highly capable and strongly disciplined government apparatus, as well as control and audit of the management and accountability concerning state finance."

"Where progress is being made, it goes practically hand-in-hand with increased public sector spending. It is important to have a good and orderly administration of state finance, as well as control and audit of the management and accountability concerning the state finance."

—General Mohammad Jusuf, Chairman, Badan Pemeriksa Keuangan, Indonesia

Building on this theme, Mr. Wu Xueqian, Vice-Premier of the State Council of the People's Republic of China, reminded delegates that "Strengthening state supervision through auditing can play a significant role in the maintenance of normal economic order, rational use of social resources and effective utilization of public funds."

Dr. Zavelberg, Chairman of the INTOSAI Governing Board, continuing on this theme, pointed out that "Only a strong audit institution, whether it reports to Parliament, to the head of state or to another supreme body, is able to give assurance, information and advice on the way government departments and other public bodies handle public funds and resources. The mere existence of a government auditing body already has a deterrent effect on the administrative agencies." He also emphasized that meetings such as the ASOSAI Conference were important because, "Audit institutions should not content themselves with the results once achieved. Audit is not a static system and flexibility is essential....Devising a modern audit approach is not a one time exercise, but a permanent task and responsibility."



Tan Sri Ishak Bin Tadin, outgoing Secretary General, presented a report of ASOSAI's activities since the last General Assembly.

Following the opening ceremony, adhering to guidance from the ASOSAI Governing Board and the ASOSAI Charter, the delegates divided their time between discussions on the seminar theme, "The Role of SAIs in Promoting Effective Management of Public Finance and Investments," and meetings on procedural and organizational matters. Underlying the week's activities was the objective of exchanging experiences and ideas to promote mutual understanding and cooperation. The resulting "Beijing Declaration" will undoubtedly stand as important guidance in future auditing work undertaken by the SAIs.

"Strengthening state supervision through auditing can play a significant role in the maintenance of a normal economic order, rational use of social resources and effective utilization of public funds."

—Mr. Wu Xueqian, Vice-Premier of the State Council

Development of the Beijing Declaration

"The Role of SAIs in Promoting Effective Management of Public Finance and Investments" was broken into three sub-themes. Lively sub-theme discussions, reflecting the diversity of the roles and functions of the participating SAIs, examined:

- I. Audit mandate, strategies and methodologies in improving public financial management,
- II. Auditing of public investments, and
- III. Auditing of financial institutions and insurance companies.

Delegates began by reviewing the recommendations of an ASOSAI Workshop held in Tokyo, Japan, from March 4-13, 1991. Participants at that workshop had reviewed country papers submitted on each of the sub-themes and drafted recommendations for consideration at the Beijing assembly and seminar. Deliberations clarified, expanded, and refined the recommendations from the initial workshop, and resulted in the formulation of the "Beijing Declaration."

The "Beijing Declaration" acknowledges that SAIs may differ widely in their responsibilities, mandates, and powers, and then builds on several principles common to all. As a basis for the guidelines, the ASOSAI Assembly recognized:

- the increasing involvement of governments in economic, entrepreneurial and development activities of all member countries;
- the increasing demand for more efficient and effective management of public sector resources;
- that the efficient and effective use of public sector resources depends first and foremost on sound financial management

practices, and comprehensive reporting and accountability processes;

- that member SAIs of ASOSAI can and should play an active and influential role in promoting more effective management of public finance and investments by encouraging their governments to introduce more effective financial management techniques and reporting standards, and by developing the capability within the SAIs to carry out more effective regulatory and performance audits of public financial activities with a view to identifying where improvements can be made.

The guidelines, produced in their final form by a working group made up of representatives from Australia, China, India, Japan, Malaysia and Sri Lanka, were unanimously adopted at the conclusion of the meetings. The 48 statements in the "Beijing Declaration" focus on accountability; audit mandate; audit scope, strategies and methodologies; staffing and training; computer assisted audit techniques and auditing in a computer environment. At the closing ceremony, Mr. Omar Fakieh, State Minister and President of the General Auditing Bureau of Saudi Arabia, noted that the declaration provided a solid basis upon which improvements in audit and financial management practices could be built, and that the resulting higher professional performance would be based on the cooperation and commitment demonstrated by the delegates to this ASOSAI assembly.



Seated from left to right: Mr. Kiyoshi Nakamura and Mr. Lu Peijian, ASOSAI's new Secretary General and Chairman, presided over the plenary session at which the Beijing Declaration was adopted, and were assisted by Ms. Zheng Li who served as the Secretary to the Assembly.

Accomplishments Since the Previous Assembly

Nine countries joined together in 1979 to establish the ASOSAI regional working group. Since that time ASOSAI has grown dramatically and has sponsored many programs and activities to support its members.

During the 5th Assembly, Secretary General Tan Sri Ishak Bin Tadin, Auditor General of Malaysia, reported on ASOSAI's accomplishments since the assembly held three years ago in Bali, Indonesia. He noted that the *ASOSAI Journal of Government Audit* has been published regularly each year and the "Record of Proceedings from the 4th Assembly and 3rd International Seminar" held in 1988 have been distributed. He commended ASOSAI's continuing commitment to training and pointed to the 18 recent ASOSAI training programs as an example of the cooperation among member countries and international organizations—a commendation also made by Richard Gagne when he spoke of ASOSAI's work with the INTOSAI Development Initiative. ASOSAI's research programs were also highlighted. The first project, on accountability and control of public enterprises, has been completed and the results published. The second project on financial accountability and management in government is now underway.

"Devising a modern audit approach is not a one time exercise, but a permanent task and responsibility."

—Dr. Heinz Zavelberg, Chairman, INTOSAI Governing Board

Future Directions

Another important part of the Assembly's business agenda revolved around agreeing on future directions. Following tradition, Mr. Jusuf, the host of the previous assembly stepped aside and turned the position of ASOSAI Chairman over to Mr. Lu Peijian, the host for this meeting. Mr. Lu will serve as ASOSAI's Chairman for the next three years. The Secretary General, remarking that Malaysia had served in this position since the creation of ASOSAI, asked that the members designate another country to fulfill this obligation. Although agreeing that Malaysia had most capably managed the ongoing activities of ASOSAI, the delegates acceded to this request and voted to pass this role on to Japan. During the remainder of the meeting, Mr. Nakamura, President of the Board of Audit of Japan, assumed the responsibilities of Secretary General.

As an additional item of business, India extended an invitation to host the 1994 ASOSAI assembly, and this offer was unanimously accepted. Elections were conducted for the Governing Board, and members for the period 1991-1994 include: India, Indonesia, Korea, Saudi Arabia, and Sri Lanka, with China as Chairman and Japan as Secretary General.

Special Programs

Throughout the busy week, the hospitality extended by the government and by the staff of the Audit Administration was exceptional. Heads of delegations met with Mr. Li Peng, Premier of the State Council, in the Great Hall of the People's Republic of China. On this occasion he talked at length about his interest in and the importance of auditing in effective government operations. Mme. Chen Mu Hua, Vice-Chairman of the Standing Committee of the National People's Congress, hosted a reception and dinner one evening, and Mr. Chen Xi Tong, Mayor of Beijing, welcomed delegates to another reception and dinner event. Additionally, liaison officers from the SAI were always available to assist delegates and accompanying persons.

Several special programs provided delegates and accompanying persons with opportunities to learn more about the history, culture, and traditions of China. Entertainment one evening showcased music and dance from throughout China's many regions and demonstrated the diversity among its people. Tours to the Summer Palace, the Palace Museum, the Ming Tombs, the Great Wall and other sites enabled participants to learn more about the country's long history.

Participants in the 5th Assembly and 4th International Seminar of ASOSAI

Delegates:

Australia	Kuwait
Brunei Darussalam	Malaysia
China	Nepal
Cyprus	Pakistan
India	Papua New Guinea
Indonesia	Philippines
Iraq	Saudi Arabia
Israel	Sri Lanka
Japan	Thailand
Jordan	United Arab Emirates
Republic of Korea	Yemen

Observers:

Asian Development Bank
 Hong Kong
 Japan International Cooperation Agency
 World Bank
 INTOSAI: Chairman of the Governing Board, and representatives of the Secretary General, the INTOSAI Development Initiative, and the International Journal of Government Auditing

In his opening remarks, Mr. Lu Peijian had reminded delegates that "SAIs are entrusted with the mandate of supervising the utilization of public finance and investments, and it is imperative for them to promote international exchanges and cooperation to learn from each other's good experience so as push the audit work forward." Harkening back to this theme at the closing ceremony, Mr. Lu pledged to "promote mutual cooperation among member countries of ASOSAI and make contributions to the exchange of auditing techniques and experiences in order to develop the audit profession in various countries and increase the prosperity of Asian economies."

The technical discussions, the publication of the "Beijing Declaration," and the informal meetings which took place already demonstrate his initial success in beginning to meet this goal. Great progress was made during these May 1991 meetings, and the future holds great promise for further benefits to the ASOSAI members.



In an informal setting, the Chairman, Mr. Lu Peijian, and the Secretary General, Mr. Nakamura take advantage of an opportunity to exchange ideas. ■

The Quality of Information in Government Databases

By Peter Nilsson, Senior Auditor, National Audit Bureau, Sweden

Introduction

Electronic databases play an important role in Swedish government administration and decision-making. However, government agencies are often not aware that such EDP-based information may contain errors. This situation can have a considerable impact on their activities and, in many cases, have serious financial consequences.

For instance, inaccurate information in a database used by a social service agency may cause wrong decisions to be made on the scope and direction of social services or in the amounts of payments made. Decisions based on faulty data can also have other negative results and, in the long term, may diminish public confidence in government.

It was for this reason that the Swedish National Audit Bureau (RRV) recently examined the way government agencies deal with matters relating to the quality of information. This article describes the results of a recent RRV audit published in a report called "Accurate Data?"

Audit Approach

The RRV chose to describe and analyze general, government-wide problems rather than agency-specific problems. It wanted to be in a position to propose measures applicable to all agencies throughout the government.

Before undertaking the evaluation itself, a great deal of time was devoted to developing the proper approach to this issue. We first asked ourselves:

"What is the RRV's perception of information quality?"

"How do we define high quality information?"

We based our subsequent evaluation on the answers to these questions.

It is the view of the RRV that appropriate information quality must be achieved at the lowest possible cost. Appropriate quality is determined by the requirements of the operations being served by the database and may not necessarily mean having the highest possible quality of information. The desirable level of quality should be a balance between the requirements of the operation and the cost of achieving a given level of quality. Standards should be set for different activities and structures so that the right quality of data is achieved.

User Requirements

Information requirements of user agencies determine the nature and the quality of information needed. Government agencies need certain information to manage and to implement programs. To meet this need, the user defines his information quality requirements to the producer of the information, that is to say, the database administrator or the register keeper. Users in different areas may have different quality requirements for the same data. Therefore, the purpose and user of the information must be made clear.

After defining the requirements of the user, the producer must, in turn, define what information is to be provided by the data gatherer. Data then flows from the data gatherer via the producer to the user.

Certain requirements must also be met to allow the quality of available information to be verified and validated. The producer must have quality measurements to allow the user to compare his information quality requirements with the quality of available information.

The shortcomings in quality can include the following problems: inaccurate data; incomplete information; old or out of date information; and irrelevant data.

Structural Prerequisites for Quality Information

Consideration should be given at the design stage to the structural conditions needed for the system to produce the right quality of information. Feedback, incentives and responsibility are three important factors that may contribute to attaining the appropriate quality.

Feedback means that information is returned to a person who can adjust the level of the information quality. If feedback is to work smoothly in practice, there must be incentives which will encourage the source of the information to provide accurate information. The responsibility for quality must also be defined in detail.

Observations and Conclusions

Our evaluation revealed general weaknesses in the agencies' ability to maintain satisfactory levels of information quality. We found that agencies had not given sufficient attention to a number of basic issues, and these are described below.

Inadequate Data Base Risk Analysis

One example is the teachers' register kept by Statistics Sweden. Statistics derived from this data base are used to calculate the amount of state subsidy paid to municipal authorities to finance teachers' wages. The RRV discovered that these statistics systematically gave low estimates of teachers' salaries, thus resulting in overpayments of subsidies to the local authorities.

Problems also occur when information is used for purposes other than originally intended. An example is the Labor Market Administration's job placement system. The Labor Market Administration uses this system to produce statistics on the number of job applicants, but the system is also used by the Unemployment Benefit Fund to pay out employment benefits. Often, information in the data base is not updated, and as a result people who are no longer unemployed may continue to receive unemployment benefits from the Unemployment Benefit Fund. This kind of problem has been observed to occur frequently, partly because different users place different interpretations on the same data, and partly because errors that are acceptable in terms of the original purpose are not acceptable when the data is used for a different purpose. What is acceptable quality to one user is not necessarily acceptable to another.

Poorly Defined Purpose

Another recurring observation is that the purpose for gathering certain information is not sufficiently well defined.

The RRV analysis of the defense sector's materiel accounting system (TOR-L) illustrates this. The RRV noted that shortcomings in the quality of information in the TOR-L system was caused by the lack of a commonly-accepted view of the purpose of the accounting, and the users' need for information. The fact that there was no shared view of what defines a materiel shortage led to inadequate control over the size of the defense administration's materiel reserves.

Absence of Data Error Handling Procedures

It was noted that data base administrators often fail to keep error statistics or to make error analyses. They were thus unaware of the kind of errors that occurred and could not give details of the quality of the information they produce. The user has, in practice, little chance of assessing the quality of the information on which decisions are based.

Inadequate Structural Prerequisites

It was noted that feedback did not always function smoothly, particularly feedback to data suppliers. The purpose of feedback is to inform different parties about the quality of the information, to set standards, and to note requirements in order to achieve the appropriate data quality.

The other form of feedback, i.e., from the user to the producer, occurs more frequently. We found, for example, that

data-gathering procedures are often discussed but the quality of the data, in terms of the number and type of errors that the data may contain, were seldom reviewed. As a result, there are no specific standards for the producer to meet.

It was also observed that the responsibility for data quality is seldom documented and as a result, it may not be clear where the responsibility for data quality lies.

Another problem occurs when local authorities, county authorities, central government agencies or private organizations are parts of the same information system. In this case, there is often no overall responsibility for data quality, nor are there well-defined limits to the responsibility of the various parties involved.

Duplication and Poor Coordination of Data

While many agencies collect and use the same type of information, we observed shortcomings in coordination among agencies, thus resulting in unnecessary collection, storage and processing of data.

An example is the data on road accidents which are collected both by the National Road Administration and the Police. The same form is used for collecting data for both these authorities, but the data are entered and stored in two different computer systems.

"In many cases, the users were not even aware that they were using questionable information."

Proposals to the Government Agencies

As a result of our evaluation, we suggested a number of measures intended to achieve two major goals: First, to create operational interfaces between various interested parties; and second, to create the conditions required to achieve and maintain suitable data quality for the activity in question.

Most of our proposals were directed at the Agency for Administration Development, which is responsible for assisting other agencies in the areas of electronic data processing.

Our main proposal is that there should be a standardized model for describing data quality. This model should contain the purpose of the information system, exact definitions of concepts, measurements of coverage, accuracy, relevance and estimated time limits for the data's use. This will be provided to future producers and users.

The second proposal is to draw up agreements between data gatherers and producers and between producers and users. The purpose of these agreements is to clearly define the responsibility for data quality.

Another objective is to create the conditions required for improving the quality of information. In our opinion, there are four important preconditions for improving quality.

The first is to develop information strategies for activities which involve a number of agencies (specialized areas). Each agency which produces and uses EDP-based data should ensure that information strategies are developed for its own sphere of operations. It is equally important that common strategies are developed with other agencies in shared specialized areas. The Agency for Administrative Development's role would be to produce methods and procedures for developing information strategy, and to provide assistance to the agencies.

Secondly, all agencies which produce or use EDP-based data should carry out risk analyses to establish the data quality level required by their respective operations.

Thirdly, the Agency for Administrative Development should document methods and techniques to ensure appropriate information quality. The Agency for Administrative Development should also, in cooperation with the National Institute for Civil Service Training and Development, arrange courses and disseminate information on the means by which agencies can achieve and maintain adequate data quality levels.

The fourth and final condition required for producing data at the right quality level is that quality aspects should be considered at the planning and development stages of information systems.

Editor's Note: For further information about the RRV's work on information quality, please contact Peter Nilsson (Project leader) or Bjorn Undall (Head of IT Auditing) at: Riksrevisionsverket, Box 34105, 100 26 Stockholm, Sweden. ■

The Challenge of Auditing the Public Debt

By Javier Castillo Ayala, Auditor General of Mexico

Editor's Note: This article is based on a speech given by Mr. Castillo on April 8, 1991 at an international conference co-sponsored by the Organization of Latin American and Caribbean Organization of Supreme Audit Institutions (OLACEFS). Mr. Castillo chairs INTOSAI's sub-committee on the audit of public debt.

Much has been written about auditing public debt, but unfortunately much remains to be done in terms of addressing this important and complex issue.

The second half of the 1980s saw a growing awareness of the emerging imbalances in the economic structures of most developing countries. Dramatic changes in world commerce and finance, including increased competition and technological complexity, emphasized the vulnerability of the economies of these countries.

As we enter the 90s, this economic imbalance is characterized by excessive public debt. The severe public debt problems faced by many countries greatly accentuate the fragility of financial structures of developing countries and prevent balanced economic relationships with other countries as well as economic growth at home. Furthermore, structural adjustment programs implemented to correct this structural imbalance and to encourage economic growth have led to a marked lowering of the population's standard of living.

Excessive debt can be traced to both debtor countries and their creditors. On the one hand, developing countries in an effort to achieve improved economic conditions in many cases allocated borrowed resources to poorly planned projects. At the same time there were what seemed to be frantic attempts by creditors to find borrowers for the excess resources available on the international capital markets. This situation was therefore the combined effect of creditors who were not too discriminating as to the recipients of their loans, and debtors who were anxious to secure additional resources. Thus, within a few years, those resources initially intended to supplement and promote economic development had become indispensable supports to the economies of those countries.

Concerted Political Effort Required

There is current and almost widespread agreement that the only viable option for surmounting this difficulty is serious,

responsible, and concerted action which recognizes that developing countries can only continue to service their excessive foreign debt if and when they have possibilities for economic growth.

When formalizing the rescheduling of Mexico's foreign debt, President Salinas said that Mexico had "...already made substantial fiscal rehabilitation efforts aimed at stabilizing the economy and achieving growth again, with special emphasis on correcting imbalances and with the goal of modernizing our economic, political and social structures in order to create the conditions for sustained growth without inflation..." He also pointed out that for this purpose "...the Mexican economy has opened up to international competition and stimulated the efficiency of industry and exports, but along this path, the debt which hovered darkly over Mexico was an obstacle to the modernization of the country..."

"The objective of auditing the public debt is not only to monitor the administration of the debt itself, but also to ensure that negative effects on future generations will be lessened, so that they will not endure the same suffering as our generation did in terms of a lack of social well-being."

Limitations of Current Audit Approaches

Supreme Audit Institutions widely agree that auditing the public debt can no longer be restricted to regularity auditing and must be based on a wider concept of comprehensive or performance auditing.

Approaches to auditing the public debt have been of a partial and insufficient nature, and the wide variety of approaches, methods, and techniques have often served only to focus our efforts on specific aspects of the problem and prevented us from developing a comprehensive approach. We were so busy looking at individual trees that we failed to see the whole forest.

It would be wise to stop briefly and to reflect not only objectively and rationally, and among colleagues at regional and international levels, on precisely what we have achieved. We must reach agreement in recognizing the common responsibility of our organizations for auditing the debt in a manner in keeping with the demands of the world economy and particularly in view of our obligation vis à vis the well-being of our peoples.

This reflection must lead to active and effective participation in the framework of our regional and international organizations and enable a consensus to be reached as soon as possible on what we understand by auditing of the public debt. The consequences of the financial crisis and excessive indebtedness have not yet brought about a satisfactory exchange among Supreme Audit Institutions for the purpose of establishing specific concepts, criteria, standards and methods.

I would like to now point out some of the challenges we face in this task, and indicate which of them may constitute a common denominator in developing countries and even in some developed countries which apply more advanced methods of audit.

Challenges for SAIs

As a first step, I propose that we review these challenges and seek a consensus on the concept of auditing public debt geared to the times. We must define its scope and also identify the real obstacles in our path. Audits can no longer be restricted to problems accumulated on a certain date or to the budget flow of a specific financial year. Instead, we as auditors must study the economic and financial context which gave rise to and shaped the debt.

A second challenge is the issue of what databases are subject to audit. Traditionally, basic information consisted of a statement of income and expenses which was valid for one year, and a budget record which formed part of the government accounts, or otherwise of a statement of the consolidated public debt, and the financial statements of the different government agencies or public enterprises. An audit limited to these aspects is no longer adequate.

To effectively audit the public debt, we need comprehensive financial records linked to the pertinent budget or accounting records on the same subject records. As Mr. Bowsher of the U.S. General Accounting Office very accurately remarked, we must make efforts to encourage governments to keep appropriate financial records on public administration in general and records on the public debt in particular. Budget or accounting records are traditionally only a mere input for the financial records and are not always adequately linked and coordinated.

In addition, if this problem is not solved we will be unable to assess the progress of the public debt effectively, particularly in relation to the external sector and to other fiscal and monetary variables.

Although financial records for the public debt can be designed in the short term, institutionalizing and systematizing

such records is obviously a major, long-term enterprise. While it involves the active presence of the SAI as agents of this change, primary responsibility for its execution rests with officials working for the national government and embraces all the agencies and departments of the public sector.

Furthermore, as it is the Parliament of each country which authorizes and approves limits or ceilings on indebtedness for each financial year, the debate within SAIs on whether there should be audits during the debt management process has not been fruitful. However, if ex-post evaluation or a posteriori audit had been carried out comprehensively and in good time, there would have been enough information available to enable Parliaments' approval and setting of ceilings or limits to be related to the changes in the accumulated debt position and on the macro-economic situation.

Finally, we must realize that auditing the debt must not only cover its management or records, its conditions or terms, but also its impact on other economic factors in the country as well as on the balance of payments or the monetary accounts. Audit should also cover the controls established by the Executive for monitoring itself or by government agencies to regulate the activities of the Ministry or Secretariat responsible for the monitoring task.

Future Role of SAIs

In this context, and considering these challenges, SAIs should address the following issues:

- Are the legal powers of the SAI suitable and precise enough to audit on this scale? If not, it would be appropriate to seek a legal framework making it possible to vest sufficient powers in the SAI of each country to carry out such wide-ranging audits of the public debt.
- What are the terms of reference and the standards required to carry out comprehensive audits of the public debt? We must extend our vision beyond regularity and financial audits in the usual terms. We are seeking to evaluate in economic terms the many correlations and varied effects of the public debt so as to be able to make useful recommendations for decision-making by the Parliaments.
- International financial bodies and even private banks have put forward and developed methods for estimating the limits of the capacity for indebtedness, in some cases as long ago as the 1960's. Many different limits and the ways of measuring the capacity of each country have been determined, but they were not sufficient to prevent or to reduce the excessive indebtedness incurred by developing countries and even by some highly industrialized ones. It would seem a sterile process now to continue to fix limits on indebtedness within the terms of reference for auditing debt, since excessive indebtedness undoubtedly exists.
- The scope of auditing debt must be widened to cover not only indebtedness during each financial year in its different aspects (such as sources and earmarking of funds, conditions, terms and rate of return of projects, etc.), but also debt

servicing in the prevailing circumstances. We can then link indebtedness with the real public deficit and with the monetary variables and the balance of payments.

- We must clearly define what we understand by seeking efficiency and economy in the management of the public debt, not only because of what this means for the debtor, but also because of the conditions imposed by the creditor or creditors. In this regard, to give an example, let us consider that since the State must defray the costs of the debt, excessive financial intermediation in government loans or the acceptance to a greater or lesser extent of the conditions imposed on administrators in each country will in any case also impact on what we understand by the efficiency and economy of public resources.
- We must take initiatives to ensure accurate reporting of information related to public debt to ensure that different reports prepared by different agencies of the government always coincide, thus ensuring a fair assessment of the status of the public debt. With regard to these accounts, we must endeavor to clarify the compatibility between deficits in the current account, the balance of payments and the public sector deficit, in relation to the net increase in the debt and its balances contained in the financial records to be audited.
- On the subject of new indebtedness, SAIs should carefully monitor, at the level of each agency or department, the link between the terms of the loans and the periods of maturity of the investments to be financed by them, in order to avoid disaccord between maturities and the generation of resources. The guarantees or securities given by the government to private organizations must also be defined.

Extreme care must be taken in undertaking these reviews so as not to interfere with policy decisions which are the proper domain of the Executive.

- In cases where the Executive has the power to use its discretion, in exceptional circumstances, to determine additional amounts required for its service without prior approval from the Legislature, it is necessary to determine what the role of the SAI should be in contributing to the technical definition of what is acceptable as "extraordinary economic circumstances". Without this, the difficulties in auditing would increase enormously.

Conclusion

The aim of these reflections has been to endeavor to illustrate that there are great challenges facing us as auditors as we address the issue of public debt. We must begin addressing these issues now.

So critical is this task that INTOSAI itself has created within its Audit Standards Committee a Sub-Committee on Auditing the Public Debt. The goal of this sub-committee, which I have the honor of chairing, is to systemize all these initiatives and integrate the views of the SAIs.

The Latin American and Caribbean Organization of Supreme Audit Institutions has also set up a similar process, which we can consider as an immediate infrastructural precedent, with the aim of achieving a wide-ranging audit of the public debt.

We believe that this work, which also provides fundamental support in modernizing our economic structures, is an imperative factor in the social responsibilities assumed by our governments to benefit the peoples of our countries. ■

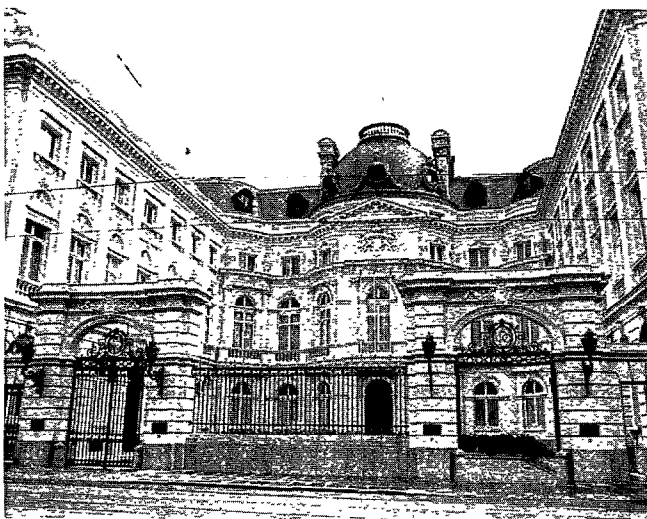
Audit Profile—The Cour des Comptes of Belgium

History

Although a cour des comptes, or court of auditors, has existed in Belgium since 1830, institutions to monitor public finances existed long before that within the territory of what is now Belgium.

The evolution of this institution began in the 14th century. The Duke of Burgundy, having become the Count of Flanders, established a *chambre de conseil*, an advisory chamber, in Lille to exercise both judicial and financial authority in Flanders. In the 15th century, renamed the *chambre de comptes*, or chamber of accounts, its headquarters were moved to Vilvorde, near Brussels. Subsequently, its jurisdiction was extended to include Holland, Zealand, Friesland, and Luxembourg. Following Louis XIV's conquest of Lille in 1667, the advisory chamber was moved first to Bruges and then to Brussels, where it was merged with the Chamber of Accounts of Brabant in 1725.

Annexed by France in the late 18th century, the Belgian provinces came under the financial institutions established by that country. Initially there was a *commission de comptabilité*, or accounting commission, and then, after 1807 a *cour des comptes*. In 1814, when the Belgian provinces were united with the Kingdom of the Netherlands, a different chamber of accounting was established. However, its powers were limited and it did not enjoy the requisite autonomy from the king and government. Therefore, immediately after the Revolution of 1830, which separated Belgium from the Netherlands, the new leaders were eager to establish genuine control over public finances.



Cour des Comptes of Belgium

A *cour des comptes* was created in December 1830, and began operating in January 1831—even before the constitution of the new government had been completed. The constitution enshrines the existence of the modern *Cour des Comptes*, and although reorganized in 1846 and amended by several laws, it is still in force.

Organization

Twelve members comprise the Court. There are two presidents, the senior of whom bears the title “first president;” eight *conseillers* or judges, and two clerks, the senior one known as the “chief clerk.” All members of the Court enjoy complete independence from the executive branch. They are elected by the legislature’s House of Representatives and may be dismissed only by that body. Their term of office is six years, and they may be reelected with no restrictions other than the retirement age of 70.

The Court is divided into two chambers, one French-speaking the other Dutch-speaking. Each case giving rise to difficulties is examined by the appropriate chamber, which either decides the case itself or refers it to the General Assembly of the Court. In any event, it is the General Assembly that is authorized to perform a number of missions, such as: rendering judgments concerning accounts; rendering decisions concerning accounting officers; compiling a report of comments; maintaining double entries in the public debt ledger; and maintaining the register of pensions.

To complete its work, the Court is assisted by approximately 350 employees, not including executive staff. These additional employees complete initial examinations of the cases, resolve most of the problems, and refer only sensitive matters to the Court.

Activities

The Court possess judicial authority, completes administrative responsibilities, and fulfills an informational role.

Judicial Powers

The judicial powers of the Court are essentially exercised with regard to accounting officers and their authorizing officers.

The accounting officer’s primary activity is to handle public monies by collecting or disbursing them. All accounting officers report to the Court annually, when they leave office, and in the event of a deficit. When a deficit appears in the account, the Court orders the officer to reimburse that

amount, unless the officer is able to invoke extenuating circumstances (for example, when the deficit is the result of burglary, provided that all required precautions had been taken).

Authorizing officers are designated by ministers to commit the state. They are subject to the jurisdiction of the Court when they commit funds in violation of any law.

Administrative Mission

The chief administrative mission of the Court involves ensuring that no budgetary expenditure item is exceeded and that no transfers occur which would permit use of an appropriation for a purpose other than that which it was allotted by the budget. This control is exercised by means of prior approval, a system that prevents the accounting officer from disbursing funds for an expenditure if it has not been granted approval by the Court. For obvious practical reasons, certain expenditures, such as salaries and monthly pension payments, are exempt from the obligation for prior approval.

If the Court withholds its approval and the minister does not defer, he submits the case to the Council of Ministers. The Council may issue a well-founded decision ordering the Court to approve, with reservation, the disputed expenditure. This is reported to the Parliament, thereby incurring the political liability of the government.

The Court also extends its administrative mission in two other areas. It supervises the legality of expenditures to ensure their conformity with all laws other than budget and contract laws. The Court also examines receipts, both by verifying the accounts of accounting officers and by ruling on the accounts of the state, provinces, communities, regions, and public service agencies.

Informational Role

The Court fulfills an important information role with regard to Parliament, and the legislative bodies of the communities and regions, and, consequently, with regard to public opinion. It notes any violations of the provisions of the budget laws. It examines draft budgets so as to elicit closer scrutiny by the Houses concerning provisions not conforming with the principles of public accountancy and underestimates. Finally,

each year, it compiles a report in which it comments on how it performed its various missions: supervision of accounting officers; disputes with ministerial offices concerning overexpenditures and transfers of appropriations, or the legality of expenditures; and comments on the accounts of the state, the communities, and the regions.

Conclusion

Under existing law, the Cour des Comptes is responsible for verifying the legal and regular handling of all financial operations of the state, the communities, the regions, the provinces, and the public service agencies. In contrast, the Court may not rule on the expediency or morality of an expenditure. That particular role devolves upon the ministers, who are entrusted with the task of drafting and implementing the budget. Under the Constitution, they alone are responsible to Parliament for managing the budget.

Nevertheless, for the past 15 years or so, in keeping with significant changes in the role of the state, a shift has been developing in this area. There has been an expansion of State participation in all sectors—social, economic, and cultural—which, correspondingly, has led to broader control requirements. Therefore, while exercising its duty to monitor legality, the Cour des Comptes has made efforts, within its existing authority, to evaluate the quality of the administrative actions as well, and to exercise, in several agencies or services, certain managerial controls. Toward that end, the Court notes violations resulting from management errors of the relevant services and shortcoming with regard to regulations or administrative procedures. The opinions it issues in this area are designed to improve certain unsuitable structures or even to amend a law or regulation.

It should, however, be emphasized that the Court has no intention whatsoever of initiating a critical examination of the political expediency of decisions made by the government or by a minister. Rather, its intention is to examine expenditures only with regard to the general principles of sound management. The investigations the Court endeavors to conduct are designed to keep Parliament better informed and to lend it greater assistance in its mission of overseeing the financial policy of the government. ■

Reports in Print



Internal Control Evaluation

abstracts of the basic papers as well as the complete texts, including numerous charts and graphics. Following each paper is a report on the discussions and the conclusions and recommendations developed by the seminar participants. The hard bound volume provides a comprehensive definition of internal control systems—its concepts, objectives, and applications—and several audit techniques, models, and methodologies to use in approaching evaluations of internal controls. The book is available for US\$3.50 or Chinese RMB\$20.00 by contacting the China Audit Press, No. (A) 4 Baosjo Qiao Road, Hai Dian District, Beijing, China.

The April 1991 issue of the *Journal* also included a notice about "INTOSAI Circular #50," containing a report on the September 1990 UN/INTOSAI Expert Group Meeting on foreign aid and EDP auditing. In May, the Development Administration Department of the United Nations Department of Technical Cooperation for Development (UNDTCD), issued their report on *Accounting and Auditing of Foreign Aid Programmes and EDP Audit*. Based on the discussions at the meeting, this text identifies the issues and problems in accounting and auditing of foreign aid programs, and then presents the findings and recommendations developed by the group. In the second section, attention shifts to electronic data processing, and the text reviews the highlights of the presentations and again identifies the group's findings and recommendations. Copies are available, in English at no cost, through the Development Administration Department, Department of Technical Cooperation, United Nations, New York, New York, 10017, USA.

The Association of Government Accountants (AGA) is a professional organization in the United States of individuals

working in a variety of positions in government financial management. Since its creation in 1950, the AGA has served its members in many ways, and a major contribution has been the research and publishing support AGA provides. Several recent AGA publications may be of particular interest to *Journal* readers.

The Winter 1990 issue of the *Journal of Government Accountants* is devoted to chronicling "Forty Years of Progress in Government Financial Management, 1950-1990." In presenting the AGA's 40-year history, this issue traces the evolution of improving financial management in the United States and the progress which has been made in promoting professionalism in the public sector. Chapters contributed by professionals in diverse areas of financial management examine progress at the federal, state, and local levels; improvements in controls and standards; modernization of systems and practices; the role of AGA; and observations about future directions within the profession. Copies, in English, are available for US\$13.75 for mailing within the United States, and for US\$15.00 elsewhere.

Writing for the AGA, Donald E. Kirkendall, examines the *Auditor-Client Relations in Government*. In conducting his research, Mr. Kirkendall polled auditors and managers at the federal, state, and local levels of government. While his results indicated that auditors, in general, have a negative image which "fosters distrust, suspicion, and, perhaps, fear," he goes on to offer recommendations to improve this image and improve the relationships between the two groups. Detailed suggestions are directed toward techniques for creating a spirit of cooperation, options for using exception reporting, and recommendations for expanding the education of auditors. Copies of the text, in English, are available through AGA for US\$10.00.

Research in Governmental Financial Management: An Annotated Bibliography, provides a single resource listing of research through 1987 in government financial management. It supplements, and grows from the demand for, AGA's 1971 bibliography on the same subject. Compiled to aid public and private sector financial managers as well as students and academicians, this document is a well-organized, comprehensive, and useful tool. Copies are available, in English, for US\$35.00. Each of these AGA publications can be obtained by writing to: AGA (Publications), 2200 Mt. Vernon Avenue, Alexandria, Virginia, 22301, USA. Please also include \$2.00 for postage and handling.

The United States General Accounting Office (GAO) has published two guides which may be of interest to other SAIs. Although the *Guide to Federal Agencies' Procurement of Audit Services from Independent Public Accountants*, (GAO/AFMD-12.19.3) and *Preparing, Documenting and Referencing Microcomputer Data Base Applications*, (GAO/IMTEC-11.1.1) were written to clarify policies and requirements of the U. S. government and GAO, the basic concepts and approaches which they describe can be applied more widely. For example, the guide for contracting with independent public accountants draws not only on the relevant laws but also on GAO's experiences in contracting for such services and describes in detail the process for developing requirements, evaluating contractor proposals, and monitoring and evaluating the contractor's work. The second publication, written for staff with a basic knowledge of data base software concepts, discusses

how to choose and plan a database application; data validation techniques, processing controls, and workpaper requirements; how to collect, analyze, and document data using database software programming modes, and technical review and referencing requirements. One to five copies of each publication can be obtained at no cost by writing to: **United States General Accounting Office, Office of International Audit Organization Liaison—Room 7806, 441 G Street, N.W., Washington, D.C., 20548, USA.**

The Institute of Internal Auditors' new *1991 Educational Products Catalog* is available from **IIA, Publications Sales, P.O. Box 140099, Orlando, Florida, 32889-0003, USA.** The catalog describes the wide variety of videos, self-study courses, video-assisted courses, books, and briefings available through the IIA. ■

Inside INTOSAI

OLACEFS Board Meeting in Mexico City

The Governing Board of the Organization of Latin American and Caribbean Supreme Audit Institutions (OLACEFS) held its first meeting in its new headquarters in Mexico City from February 28—March 1, 1991. Hosted by OLACEFS President Javier Castillo Ayala, Auditor General of Mexico, the meeting was also attended by Dr. José Luis Devoto, Presidente del Tribunal Cuentas of Argentina; Dr. Héctor Rodríguez Dalgo, Contralor General of Ecuador; Dra. Luz Aurea Sáenz Arana, Contralora General of Peru; and Dr. Manuel Francisco Becerra Barney, Contralor General of Colombia. The meeting marked the inauguration of “Casa Moreles” as the new home of OLACEFS. The four-story historical building is located in the heart of Mexico City’s business and district will house OLACEFS’ central administrative, training and research offices.

Among the first items of business was the election of the new Secretary General, Alfredo Hoyos Gomez, formerly a senior officer with the Mexican SAI. Other business items included discussions on training workshops to be held in Ecuador and Colombia in 1991 in cooperation with the INTOSAI

Development Initiative (IDI), and further agreement on the details of a training grant from the Inter-American Development Bank. A report of OLACEFS training activities during 1990 was also presented to the Board.



OLACEFS' New Home: The main entrance to Casa Moreles, headquarters building for OLACEFS, located in downtown Mexico City.



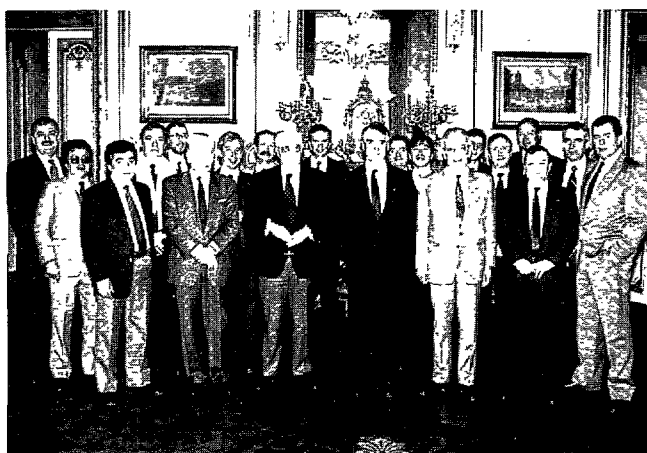
Members of the OLACEFS Governing Board listen to Dr. Luis Devoto, Argentina (left), as he makes a point during the Board meeting on February 28, 1991. Seated to the right of Dr. Devoto are: Mr. Rodríguez, Ecuador; Mr. Castillo, Mexico; Mr. Hoyos, Mexico; Dra. Saenz, Peru; Mr. Becerra, Colombia; Director of Training, Colombia; and Sr. West, Mexico.

The OLACEFS secretariat reported on a number of initiatives designed to strengthen OLACEFS, such as the allocation of resources needed to operate the organization and the process underway to gain legal recognition for OLACEFS in Mexico. A key activity will be a project to gather and disseminate complete and systematic information on each member SAI. Also planned is a survey that will identify various technical areas of expertise found in member institutions with a view towards promoting exchange of information and experiences. A manual governing OLACEFS activities for the coming year was also presented and discussed, and includes a medium-term operations plan.

The principle goals agreed to during the Board meeting centered on improving the training programs in the region, and include: obtaining financial and technical assistance from international organizations; establishing a cadre of highly trained regional instructors; examining options for the creation of regional training centers; preparing and distributing a catalog of materials, courses and other methodologies available from member countries.

The Governing Board decided to hold its next meeting in Colombia, followed by the next General Assembly to be held in Ecuador in October 1991.

Audit Standards Committee Completes Work



Members of INTOSAI's Audit Standards Committee take a break from their March 25-26 meeting in Brussels to pose for a group photograph. The meeting, hosted by the Belgian Court of Accounts, was held to discuss revisions and expansions to the standards which were adopted at the XIII INCOSAI in Berlin in June 1989. Under the chairmanship of John Taylor of Australia and with the special support of host Richard Leclercq of Belgium, the committee succeeded in meeting the mandate given it in Berlin to expand the standards to more fully represent those SAIs constituted as courts of accounts. The expanded standards are currently being translated and will soon be sent to all INTOSAI members.



XIV INCOSAI USA 92

The three Theme I principal papers for the XIV INCOSAI will soon be sent to all INTOSAI members with an invitation to prepare country papers. The topics of each paper and the countries which wrote them are:

- IA. Expanding the Scope of Audit (New Zealand)
- IB. Program Evaluation—An Emerging Approach (France)
- IC. Auditing Public Enterprises—Changing Techniques and Approaches (India)

INTOSAI members will also be receiving documents from INTOSAI's standing committee which relate to Theme II—Improving Governmental Financial Management Through INTOSAI's Standing Committees. SAIs will be asked to provide suggestions for discussion topics for Theme II sessions at the Congress. SAI support of Themes I and II will help guarantee a fruitful exchange of information and experiences in 1992.

For additional information, please contact the XIV INCOSAI Secretariat, Room 7806, US General Accounting Office, Washington, D.C. 20548, USA (telephone 202-275-4707 and telefax 202-275-4021).